

**MINUTES OF SPECIAL MEETING
2006 SERIES C SINGLE FAMILY MORTGAGE BONDS
August 16, 2006, 9:00 A.M.**

Notice having been given, the Montana Board of Housing held a special meeting on the sale and awarding of its 2006 Series C Single Family Program Bonds. The meeting took place via teleconference to discuss the Bond Resolution, awarding of the bonds, final pricing, and the Purchase Contract. Present were:

Board members: Bob Thomas, Susan Moyer, Judy Glendenning, and J. P. Crowey

MBOH Staff: Bruce Brensdal, Nancy Leifer, Vicki Bauer, and Diana Hall

Legal Counsel: Pat Melby

Bond Counsel: John Wagner

UBS: Peter Nolden, Mina Choo, Lorrie Palacios,

Orrick Herrington: Steve Spitz

Bob Thomas convened the meeting at 9:14 a.m. after a roll call was taken and a quorum was established.

Peter Nolden said that it was a wonderful day to be selling bonds and the Board has lots of options based on the sale of the bonds. There was a rally in the market and the serial bonds were reduced approximately 5 basis points and the term bonds were reduced 10 basis points. The market continues to rally today.

Moody's gave a confirmed rating of AA1 and Standard and Poor's gave a rating of AA+. These ratings were as expected. The good faith amount was wired to the Trustee. Bids were taken on the investment proceeds. The best bid was AIG, an insurance company, with a rate of 4.84%. Their bid complies with the Board's Investment Policy for a collateralized repurchase agreement and collateral will be held by an independent third party. The net result of the bond sale is that the mortgage rate can not exceed 5.88% under the tax law and the Board is currently originating loans at 6% with approximately \$15 million already committed. In addition, the Board wanted to set aside some funds at 5.5%. The options are to comply with the tax code by: either dropping

the rate from 6% to something lower, or continue at 6% while there is a demand and drop rates in the future if necessary to make funds competitive, or plan on setting aside a certain amount of lendable proceeds to be lent at 1% which can be used as a hedge going forward. Bond counsel, Kutak Rock, prepared a Series Resolution and a Bond Purchase Agreement to be adopted that was drafted by Steve Spitz at Orrick. J. P. Crowley moved to approve the Resolution as written. Judy Glendenning seconded the motion. The motion approved unanimously by a roll call vote.

Bruce said that he signed the bond purchase contract and will e-mail it to the appropriate people. The meeting adjourned at 9:25 a.m.

Bob Thomas, Chairman

Date

Bruce Brensdal

Date